

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region.

I.17-02-002

FILED FEBRUARY 9, 2017

**RESPONSE OF FOOD & WATER WATCH,  
CONSUMER WATCHDOG, AND PAUL E. HUNT IN SUPPORT  
OF IMPERIAL IRRIGATION DISTRICT'S MOTION FOR  
CONSOLIDATION OF INVESTIGATIONS 17-02-002 AND 17-03-002**

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June 28, 2017

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**I. INTRODUCTION**

Pursuant to Rule 11.1 of the Commission's Rules of Practice and Procedure, Food & Water Watch, Consumer Watchdog, and Paul E. Hunt ("Petitioners") respectfully file this response in support of Imperial Irrigation's motion for consolidation of the Aliso Canyon Natural Gas Storage Facility ("Aliso Canyon") Proceedings to investigate shutting down Aliso Canyon (I.17-02-002) and whether Aliso Canyon has remained out of service for nine months for reimbursing Southern California Gas Company ("SoCalGas") ratepayers (I.17-03-002), and refocusing the CPUC's investigative proceedings to determine the cause and parties responsible for the 23 October 2015 natural gas blowout at Standard Sesnon 25 ("SS-25"). The timing for the Commission to issue an order of Consolidation is ideal as both matters remain in their infancy.

In I.17-02-002, the CPUC is considering shutting down the facility. In I.17-03-002, the CPUC is considering whether a nine-month closure trigger occurred for cost and rate purposes. These issues are interrelated and will involve many of the same witnesses

and documents, as discussed more fully, below. Consolidation would also limit inconsistencies between the proceedings. In one proceeding, the Commission is investigating whether Aliso Canyon was operational, yet in the other, it is investigating whether Aliso Canyon should be reopened. Accordingly, there will be great efficiency to the CPUC, non-profit entities, and ratepayer advocates (who likely operate on a limited budget) to address the issues in one, consolidated proceeding.

In I.17-02-002 and in I.17-03-002, the CPUC determined “[a]ny issues related to the cause of the natural gas leak or issues of culpability” were out of scope.<sup>1</sup> Petitioners support IID’s motion to set aside the gag rule in which the CPUC prohibits the parties from investigating and addressing who and what caused the Aliso Canyon catastrophe.<sup>2</sup> The CPUC’s decision unnecessarily delays investigating what happened and who was responsible for the catastrophe to unspecified future proceedings; these determinations are imperative for the purposes of I.17-02-002 and I.17-03-002, and for public confidence in the CPUC’s investigation of Aliso Canyon. Without the critical information relating to SS-25 and Aliso Canyon, the CPUC will lack the information necessary to properly decide whether to reopen a gas field that created a major environmental and economic disaster. Furthermore, these findings will also affect dependent matters such as rate relief. Understanding how the SS-25 blow occurred and who was responsible is imperative; all other issues are secondary and will be best served with the proper background and context.

Petitioners agree with the four basic arguments of IID’s motion seeking to prioritize the investigation and restore it to its proper form. First, investigations I.17-02-002 and I.17-03-002 are so interrelated with each other and what happened at Aliso

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<sup>1</sup> OII 17-02-002, p. 9; OII 17-03-002, p. 10.

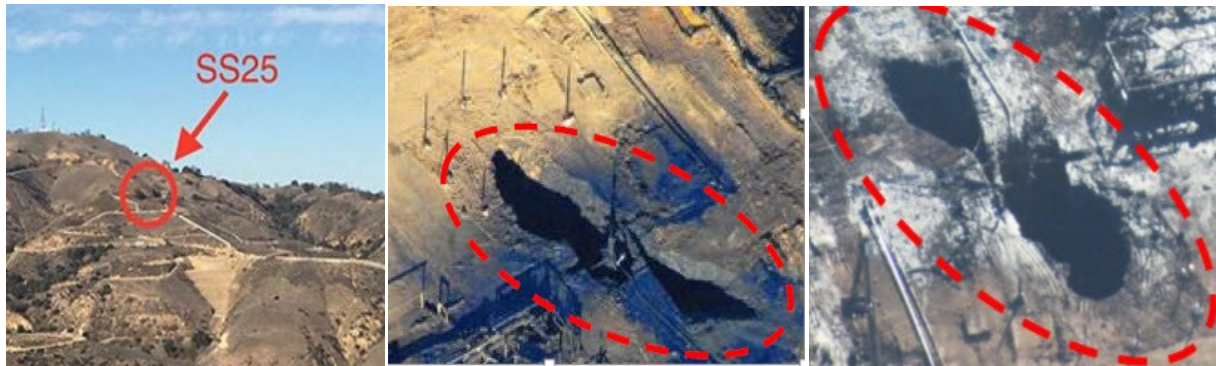
<sup>2</sup> A gag rule that suppressed free speech and the right to petition government for redress was first introduced in America on 26 May 1836 when the House of Representatives passed the resolution known as the gag rule: "Resolved, That all petitions, memorials, resolutions and propositions relating in any way, or to any extent whatever to the subject of Slavery, shall without being either printed or referred, be laid on the table, and that no further action whatever shall be had thereon." The idea of course was to suppress discussion of slavery in the House. 44 UCLA L. Rev. 1109, 1122-1123.

Canyon that they must be consolidated. Second, public safety requires a complete factual investigation of the disaster. Third, the investigative trail is cold due to the CPUC's delay, and needs to be resuscitated. Fourth, public confidence in the CPUC is waning after the San Bruno and San Onofre disasters and must be restored in light of the third disaster at Aliso Canyon.

For these reasons and those stated more thoroughly below, I.17-02-002 and I.17-03-002 should be consolidated into one proceeding and refocused so that how the Aliso Canyon disaster happened and who was responsible can be fully investigated and understood before secondary issues are pursued.

## II. BACKGROUND

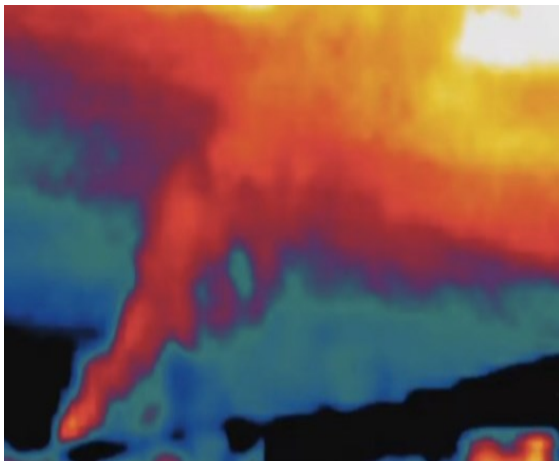
The Aliso Canyon disaster is the single worst methane leak in United States history. The following pictures tell the story of the 23 October 2015 blowout at SS-25.



The well blowout caused the nation's largest natural gas (mostly methane) leak and spewed 109,000 metric tons<sup>3</sup> of methane into the skies above Los Angeles, as shown below.

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<sup>3</sup> <http://www.latimes.com/local/lanow/la-me-gas-leak-settlement-20170208-story.html>



In November 2015, the press reported SoCalGas claimed it did not know what caused the leak.<sup>4</sup> SoCalGas promised it would conduct an investigation into the cause of the SS-25 blowout after it stopped the leak. On 22 January 2016, the CPUC intervened and relieved SoCal Gas from determining what and who at the company was responsible. The CPUC shifted control of the investigation from the CPUC (where the public would have been involved) to Blade Energy Partners, a private Texas company under contract with SoCalGas.

After spewing methane continuously for 112 days, the leak was intercepted and later sealed on 17 February 2016. SoCalGas has reduced its investigator role to “support[ing] the CPUC Safety and Enforcement Division and DOGGR in their ongoing investigation of the root cause of the leak at Aliso Canyon.”<sup>5</sup> The root cause report was to be completed during the first half of 2017, under CPUC control. More than a year has passed since the investigation was turned over to the Texas contractor and there is still no determination about who and what caused one of the worst environmental disasters in history.

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<sup>4</sup> <http://www.dailynews.com/environment-and-nature/20151104/leaking-natural-gas-well-concerns-porter-ranch-residents>

<sup>5</sup> [https://www.socalgas.com/1443740056433/Progress\\_Report\\_SMC-en-11042016.pdf](https://www.socalgas.com/1443740056433/Progress_Report_SMC-en-11042016.pdf)

Instead of determining how the SS-25 leak occurred, the CPUC has prioritized getting Aliso Canyon reopened. The CPUC's actions, similar to its actions with the San Onofre failure, deny utility customers their day in court and insulate SoCalGas from responsibility. Earlier this year, State Senator Henry Stern introduced legislation to block regulators from deciding the future of Aliso Canyon before the root cause analysis was completed. However, SoCalGas has been using its political muscle to reopen the gas field before completion of the root cause report.<sup>6</sup>

Although the CPUC and SoCalGas have not identified how and why SS-25 breached, the Well Integrity Working Group<sup>7</sup> (WIWG) has done preliminary work analyzing the Aliso Canyon disaster. The source of the leak at the 61-year-old SS-25 well was a metal pipe in the breached 7-inch casing at a depth of 400–500 feet. From that point, the gas leaked down and around the shoe of the surface casing at an approximate depth of 1,000 feet. Compounding the disaster was the removal of the well's emergency shutoff safety valve in 1979.<sup>8</sup> A safety valve was not reinstalled because SS-25, about a mile from residences, was not considered a critical well.

SS-25 operated by injecting and withdrawing gas through both the tubing and the casing surrounding the tubing, leaving only a single barrier to the environment. The safer way to inject gas is only through the well's 2-7/8-inch well pipe, leaving the casing clear. Additionally, the top-of-cement (TOC) for the production casing was at a recorded depth of approximately 6,500 feet. This meant a failure in the casing above the TOC at operating pressures created a high likelihood of a breached well. Since 1979 (the last presumed time the tubing was pulled), there are no records of logs performed for the purpose of evaluating the condition of the casing that could be used to assess *a priori* risk of a leak.

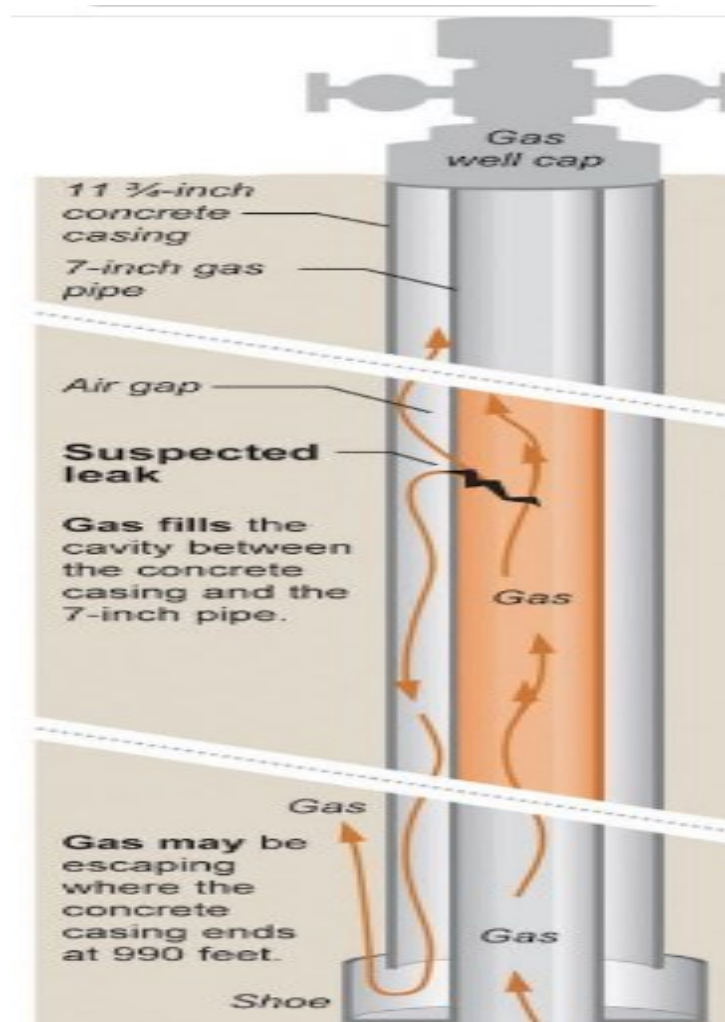
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<sup>6</sup> <https://ww2.kqed.org/news/2017/02/10/regulators-may-reopen-aliso-canyon-gas-field-over-residents-objections/>

<sup>7</sup> <https://energy.gov/sites/prod/files/2016/12/f34/Appendix%20I%20-%20Well%20Integrity%20Working%20Group%20Report.pdf>

<sup>8</sup> <http://www.laweekly.com/news/what-went-wrong-at-porter-ranch-6405804>

The following diagram shows the likely source of the SS-25 blowout that caused the four-month leak:



### III. DISCUSSION

#### **A. I.17-02-002 and I.17-03-002 are so Interrelated That Both Proceedings Must be Consolidated and Refocused**

Under Rule 7.4 of the Commission's Rules of Practice and Procedure, "[p]roceedings involving related questions of law or fact may be consolidated."

The purpose of I.17-02-002 is to "determine the feasibility of minimizing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility."<sup>9</sup> A question of

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<sup>9</sup> OII 17-02-002, p. 1.



minimizing or closing Aliso Canyon naturally begs the question of whether Aliso Canyon should be reopened. I.17-03-002 is asking that very same question: has Aliso Canyon “remained out of service for nine consecutive months[?]”<sup>10</sup> Hence, I.17-02-002 is investigating whether Aliso Canyon *should* be reopened, while I.17-03-002 is investigating whether Aliso Canyon *has been* open. These are not just interrelated—they are inconsistent statements of the same issue.

Permanently closing or reopening Aliso Canyon would also affect its status and thus impact the outcome of rate relief issues. For example, I.17-03-002 will analyze whether Aliso Canyon qualifies as a plant held for future use as a possible exception to Public Utilities Code § 455.5. A determination that Aliso Canyon should be permanently closed would preclude such an exception. Moreover, both investigations rely upon fully understanding the facts surrounding the SS-25 blowout to determine the status of the gas field and related issues. Thus, both investigations must not only be consolidated but refocused so that what and who caused the Aliso Canyon disaster is understood before secondary issues are pursued.

I.17-02-002 and I.17-03-002 raise substantial questions that can only be answered by knowing how the Aliso Canyon disaster occurred and who was responsible. For example, well integrity issues evaluating how SS-25 failed would provide context gauging the appropriateness of reopening Aliso Canyon. If the SS-25 leak occurred as a result of corrosion or poor design such as gas release under a single point of failure, reopening Aliso Canyon could be found unacceptable due to the current condition of the aging wells. This is especially prevalent given that over half the wells in Aliso Canyon are over 60-years-old and are designed similarly to SS-25.

Additionally, responsibility for the causation of the SS-25 gas well failure would provide a better set of criteria for reopening or permanently shutting down Aliso Canyon. For example, responsibility for the leak due to inadequate integrity tests or risk

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<sup>10</sup> OII 17-03-002, p. 1.



management of the gas wells could determine the circumstances under which Aliso Canyon should ever be reopened. Thus, issues of law and fact pursuant to the causation and responsibility for the Aliso Canyon disaster are interrelated and outcome determinative of the issues pertaining to I.17-02-002 and I.17-03-002.

Not consolidating I.17-02-002 and I.17-03-002 invites inconsistent applications of the law and resulting inconsistent decisions. I.17-02-002 asks whether Aliso Canyon should be permanently closed or reopened. However, I.17-03-002 asks whether Aliso Canyon has been closed for nine months for purposes of Public Utilities Code § 455.5. Separating these two investigations incentivizes paradoxical arguments such as Aliso Canyon should be reopened in one case, while the Aliso Canyon has always been open the past nine months in the other. Despite Commissioner Randolph overseeing both proceedings, separating the proceedings creates unnecessary complication and cost for relitigating identical issues. Thus, the parties would be hindered by duplicative litigation and resulting conflicting decisions if not consolidated.

Finally, participation strongly favors consolidation. Every party in I.17-03-002 is a party in I.17-02-002. Given the limited time, money, manpower, and resources of community organizers and ratepayer advocates, it is best to include the ratepayer issues of I.17-03-002 in a proceeding that already has many interested parties. Duplication of resources and expenses would be minimized; witnesses, testimony, and other procedural matters that overlap would take place once in a single consolidated proceeding.

For these reasons, I.17-02-002 and I.17-03-002 should be consolidated. Further, the consolidated proceeding should be refocused into a public investigation into the causation and responsibility for the Aliso Canyon disaster. Consolidation more efficiently utilizes the resources of the Commission, applicants, and other stakeholders by streamlining the investigative process and eliminating unnecessary and redundant proceedings.

## **B. Public Safety Requires Consolidation and Refocusing of the Aliso Canyon Investigations Before Future Planning Can Continue**

Porter Ranch is recovering from the worst methane leak in United States history. However, SoCalGas stated in its responses to I.17-02-002 and I.17-03-002 that Aliso Canyon is “safe to operate” and has “remained in service.” Moreover, SoCalGas is claiming that Aliso Canyon is “safe to resume injection operations” and there is no “need to wait for the results of the Root Cause Analysis.”<sup>11</sup> SoCalGas is claiming no one should be concerned about how and why SS-25 failed after the gas well leaked an estimated 109,000 metric tons of methane and other harmful materials. Despite this major well failure and environmental assault, SoCalGas is using the separate I.17-02-002 and I.17-03-002 proceedings to reopen Aliso Canyon before the root cause analysis is even complete. Thus, SoCalGas wants the CPUC to reopen the same gas field that just created a historical disaster before figuring out how and why that disaster occurred.

Public Safety begs for consolidation of I.17-02-002 and I.17-03-002. Understanding how and why SS-25 failed is important to addressing the public safety concerns before deciding to permanently close or reopen Aliso Canyon. SS-25, and many other wells at Aliso Canyon, were designed such that a single breach could cause complete well failure. Questions have also arisen as to whether the methods for monitoring and assessing leaks (temperature and noise) and leak potential (cement bond, metal thickness, and pressure testing) were inadequate for safe field operations at Aliso Canyon. Understanding the root cause behind the Aliso Canyon disaster is imperative so that the same mistakes are not repeated. Consolidating I.17-02-002 and I.17-03-002 would prioritize this information before deciding whether to move forward with reopening Aliso Canyon.

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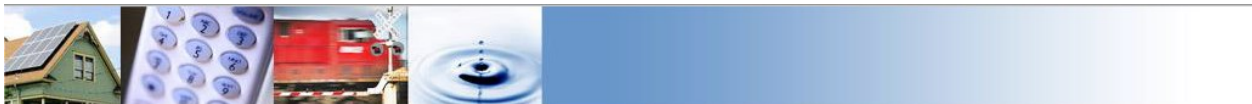
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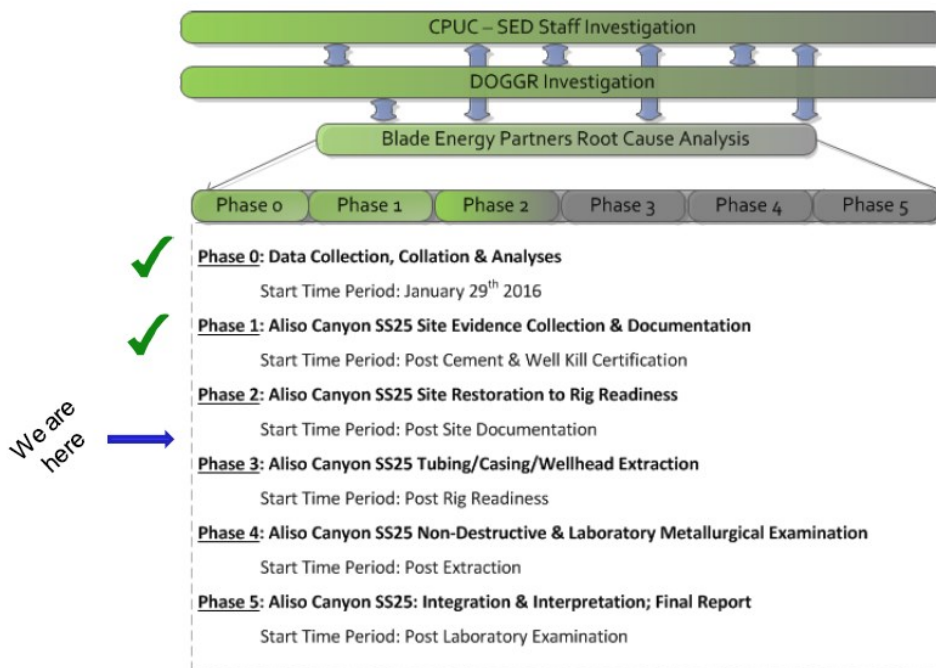
<sup>11</sup> [https://www.socalgas.com/1443740344669/Z\\_N17G0004A\\_Aliso-Cyn-Fitness-for-Service\\_Package\\_Final.pdf](https://www.socalgas.com/1443740344669/Z_N17G0004A_Aliso-Cyn-Fitness-for-Service_Package_Final.pdf)

### **C. I.17-02-002 and I.17-03-002 Must Be Consolidated and Refocused Because the Investigation into the Aliso Canyon Disaster Has Been Unnecessarily Delayed and Grown Cold**

It has been two years since the Aliso Canyon disaster and there are still no hard answers as to what happened and who was responsible. SoCalGas hired Texas-based Blade Energy Partners in early 2016 to provide a root-cause analysis. Blade Energy Partners was to have unrestricted access to the SS-25 gas well. As of March 2017, Blade Energy Partners has only completed Phase 0 and Phase 1 of its investigation with Phases 2 through 5 still remaining.



## **Phases of Root Cause Analysis**



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A basic principle of investigation is to not allow the trail to grow cold. Consolidating and refocusing I.17-02-002 and I.17-03-002 would prioritize finding out

what happened at Aliso Canyon before deciding other issues that are reliant to such a determination. Whether Aliso Canyon has been closed or should be reopened, and all other derivative rate relief issues, depend on the root cause report.

SoCalGas claimed that the root cause report was to be completed in the first half of 2017. As of now, the root cause report will not be complete until 2018 at the earliest. Consolidation, with a refocus on finding out what happened first, would ensure that the root cause report is prioritized, with common issues of Aliso Canyon's status that depend on the root cause report decided in a consistent and logically sound manner.

**D. I.17-02-002 and I.17-03-002 Must Be Consolidated and Refocused  
So the CPUC Can Restore Public Confidence After a Long Series of  
Disasters**

Unfortunately, Aliso Canyon is only one in a long list of recent utility disasters. Consolidation and prioritization of Aliso Canyon issues before the CPUC and important to the public would restore public confidence in the CPUC. Recent utilities disasters under the CPUC's watch include but are not limited to the following:

- In October 2007, San Diego Gas & Electric Company's (SDG&E) electric transmission equipment in San Diego caused fires that took two lives and destroyed or damaged hundreds of homes in San Diego. The damage claims totaled \$4 billion.
- On 9 September 2010, a 30-inch diameter natural gas transmission pipeline owned and operated by Pacific Gas & Electric Company (PG&E) ruptured and caught fire in the City of San Bruno, California. The explosion caused eight deaths and damaged more than 35 homes. The San Bruno explosion was part of a pattern of safety lapses of CPUC-regulated utilities. In response, the CPUC issued Rulemaking (R.) 11-02-019 on 24 February 2011, "a forward-looking effort to establish a new model of natural gas pipeline safety regulation applicable to all California pipelines." PG&E was convicted of criminal charges in federal court. PG&E executives asked the CPUC in private communications to pick PG&E's judge of choice.

- In January 2012, Southern California Edison's (SCE) nuclear generators failed, causing the San Onofre nuclear power plant to close permanently. As a result of this closure, the CPUC required ratepayers to pay an additional \$3.3 billion.

In the aftermath of this dismal record, CPUC President Michael Picker on 14 January 2015 admitted that the CPUC's "safety oversight was severely lacking." The CPUC claims it is "committed to transparency in its work to serve the people of California."<sup>12</sup> Consolidating and refocusing I.17-02-002 and I.17-02-003 would not only efficiently combine Aliso Canyon investigations, but also restore the confidence of the public. Aliso Canyon released the equivalent in greenhouse gases of more than half a million cars driven over a year, displaced thousands of residents, caused numerous health issues, and exposed the community to carcinogens.<sup>13</sup> As State Senator Stern said, "If we don't know what went wrong, how can we prevent it from happening again? ... We need to get to the bottom of this before we even think about re-opening this facility."<sup>14</sup> This is an opportunity for the CPUC to help the victims of the Aliso Canyon disaster and make sure the investigation is done right. Whether the question is how long has Aliso Canyon been closed or should it be reopened, the fundamental issue is how the SS-25 breach happened and who was responsible. All other issues will fall into place once a proper investigation is completed.

#### IV. CONCLUSION

Petitioners respectfully urge the Commission to grant IID's motion to consolidate I.17-02-002 with I.17-03-002 to achieve efficiency in time and resources, and to refocus the Commission's investigation of the Aliso Canyon disaster. The primary investigation should be what happened at Aliso Canyon and which parties were responsible. All other

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<sup>12</sup> Introductory Remarks, California Public Utilities Commission President Michael Picker, January 15, 2015, Voting Meeting.

<sup>13</sup> <http://www.latimes.com/science/sciencenow/la-sci-sn-porter-ranch-methane-20160225-story.html>

<sup>14</sup> [http://www.enr.com/external\\_headlines/story?region=california&story\\_id=5VtHSuLJ2A6qkcOMDShVBv-kOvCdbprtmJLsD245X\\_ExHf4Rqbw5ZRhkyILu2DP6B5eCKIO5Y7NCJHuV6lmWAhptDwH9pooO5TPBoRfvNRdP5EivOIAA97qVWmYAkHVe&images\\_premium=1&define\\_caption=1](http://www.enr.com/external_headlines/story?region=california&story_id=5VtHSuLJ2A6qkcOMDShVBv-kOvCdbprtmJLsD245X_ExHf4Rqbw5ZRhkyILu2DP6B5eCKIO5Y7NCJHuV6lmWAhptDwH9pooO5TPBoRfvNRdP5EivOIAA97qVWmYAkHVe&images_premium=1&define_caption=1)

issues, such as the status of Aliso Canyon and whether the plant was shut down for nine months, are secondary and dependent to what caused the disaster and who was responsible.

Respectfully Submitted,

Dated: June 28, 2017

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